



**GEORGES
RIVER
COUNCIL**

**FRAUD AND CORRUPTION
CONTROL PLAN**

December 2017

Introduction by the General Manager

Fraud and corruption affects everyone – it wastes our resources, corrodes our reputation and increases inequality. Georges River Council has a zero tolerance for fraud or corruption and is committed to the prevention and detection of fraud and corruption.

Fraud and corruption control and our ethical standards are core values at Georges River Council and we see them as essential in the efficient functioning and management of our organisation.

The purpose of the Fraud and Corruption Control Plan and the ongoing fraud and corruption control program is to demonstrate the role of the Mayor, Councillors, General Manager, Management and employees in the control of fraud and corruption.



Gail Connolly

General Manager

PLAN ADMINISTRATION

Dates	Plan approved 18/12/2017 This Plan is effective upon its approval. Plan is due for review December 2021.
Approved by	Council Meeting 18/12/2017 Council Resolution CCL238-17
Plan Owner	Manager Governance and Risk Management, Office of the Chief Operating Officer
Related Documents	Council's Fraud and Corruption Control Policy Council's Code of Conduct Council's Procedure for the Administration of the Code of Conduct Council's Procedure for the Management of Conflicts of Interest Council's Procedure for the Management of Gifts and Benefits Council's Public Interest Disclosures Reporting Policy Council's Recruitment Policy Council's Customer Feedback Management Policy Council's Statement of Business Ethics Council's Procurement Policy
Appendices	Appendix A – Fraud and Corruption Control Action Plan Appendix B – Contact Details Appendix C – NSW Audit Office Fraud Control Checklist
References & Legislation	Local Government Act 1993 Independent Commission Against Corruption Act 1988 Public Interest Disclosures Act 1994
Document Identifier	Doc #: D17/220425
Record Keeping	All documents and information obtained in relation to the implementation of this policy will be kept in accordance with the NSW State Records Act 1998, Georges River Council's Corporate Records Policy and adopted internal procedures.

DEFINITION OF TERMS

Term	Meaning
<i>Council official</i>	An individual who carries out public official functions on behalf of Council or acts in the capacity of a public official. For the purpose of this Policy, the Mayor, Councillors, employees, members of Council committees and delegates of Council are Council officials.
<i>Council's contractors, consultants and volunteers</i>	Those who perform public official functions on behalf of Council including contractors, sub-contractors, consultants, sub-consultants and volunteers.
<i>Corruption</i>	<p>Corruption and corrupt conduct are defined in the <i>Independent Commission Against Corruption ('ICAC') Act 1988</i> (sections 7, 8 and 9) as:</p> <ul style="list-style-type: none"> • conduct of any person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or • conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or • a breach of public trust, or • any conduct of a public official or former public official that involves the misuse of information or material acquired in the course of a public official's functions whether or not for his or her benefit or for the benefit of any other person. <p>Additionally, corrupt conduct can also be the conduct of any person (whether or not a public official) that adversely affects or could affect the exercise of official functions and involves conduct such as bribery, blackmail, fraud, obtaining or offering secret commissions, collusive tendering practices, forgery and various other crimes.</p> <p>For conduct to be corrupt it must be covered by one of the conditions above and any one of the following:</p> <ul style="list-style-type: none"> • a criminal offence • a disciplinary offence • a situation where there are reasonable grounds for dismissal or dispensing with the services of or terminating the services of a Council Officials, Contractors, Consultants and Volunteers.

<p><i>Fraud</i></p>	<p>As defined in <i>AS 8001 - 2008 Fraud and Corruption Control</i> Fraud is: Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p> <p>Fraud may include but is not limited to:</p> <ul style="list-style-type: none"> • theft • manipulation of financial records • unlawful use of, or obtaining property, equipment materials or services by deception • false invoicing • theft of cash/receipts • false expense reimbursement • false claims for hours worked or overtime • failure to submit annual leave/long service leave forms • providing false or misleading information or failing to provide information where there is an obligation to do so • creating or using false/forged documents • wrongful use of information or confidential information.
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1 Executive summary

1.1 Introduction

Georges River Council (Council) wants an organisational culture that will not tolerate fraud, corruption, maladministration or waste. Council recognises that safeguarding the assets of the Council against loss by fraud or corruption is a key responsibility of all staff. All staff members are responsible for the implementation and adherence to fraud and corruption control procedures and the reporting of all instances of suspected fraud and corruption.

Council recognises that it has a responsibility to develop and implement sound financial, legal and ethical decision-making and practices. This Fraud and Corruption Control Plan ('Plan') is a key document that supports the Fraud and Corruption Control Policy, which sits within the Code of Conduct and Governance Framework. The Plan is based on *Standards Australia AS 8001 - 2008 Fraud and Corruption Control*, and consideration of the ten attributes of fraud control contained in the *NSW Auditor-General Better Practice Guide Fraud Control Improvement Kit*.

1.2 Statement of attitude

Council is committed to the implementation of the Fraud and Corruption Control Policy via the prevention, detection and response to all forms of fraud and corrupt conduct, through a risk management approach, which incorporates the design, implementation and evaluation of a range of fraud and corruption prevention, detection and response strategies.

Council has a zero tolerance for fraud or corruption and is committed to minimising the incidence of fraud and corruption. Council will take appropriate action against Council Officers, contractors and elected members who have participated in such behaviour and those who allow it to occur.

The General Manager has ultimate responsibility for managing fraud and corruption risks in Council.

1.3 Purpose

This Plan and the Fraud and Corruption Control Policy represent the commitment of the Council Officials to control fraud and corruption.

Contractors, consultants, volunteers, members of the public and external parties engaged in doing business with Council are encouraged to support Council's commitment to preventing and addressing fraudulent or corrupt behaviour by reporting to the appropriate authority.

This Plan aims to draw together all prevention, detection and response initiatives adopted by Council in one document and, more specifically, to:

- promote the awareness of risks relating to fraud and corruption to Council officials and Council's Contractors, Consultants and Volunteers.
- Develop appropriate strategies and internal controls to minimise losses due to fraud, and corruption to Council.

1.4 Objectives

The main objectives of the Plan are to:

- demonstrate the commitment of Council Officials and Council's Contractors, Consultants and Volunteers to combat fraud and corruption
- set out the responsibilities of Council Officials and Council's Contractors, Consultants and Volunteers in relation to fraud and corruption control.

- ensure that the Council’s existing policies and procedures for encouraging ethical behaviour and combating fraud and corruption align and are drawn together in one integrated document.

1.5 Scope / application

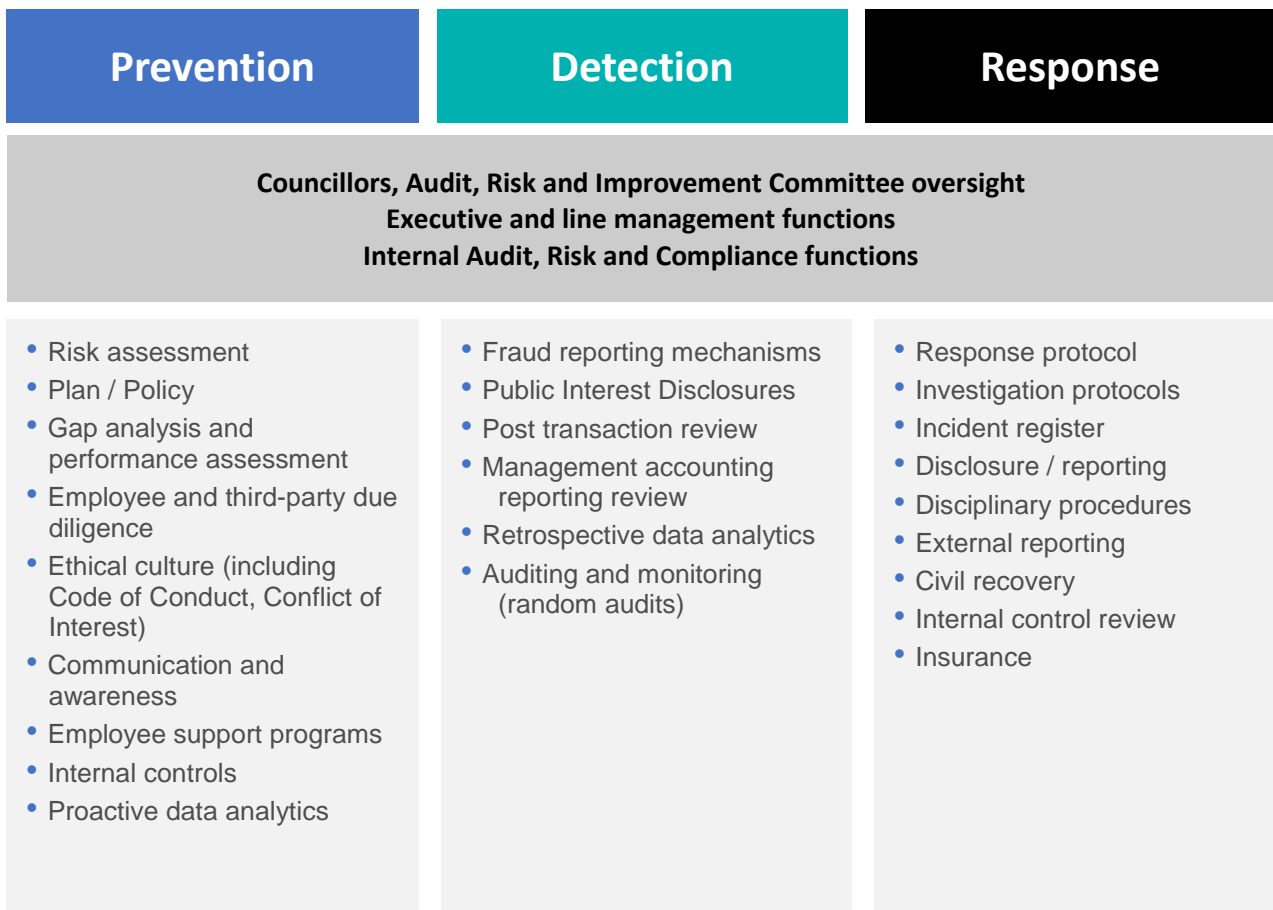
With reference to implementing the Fraud and Corruption Control Policy, this Plan applies to;

- Council officials
- Council Contractors, Consultants and Volunteers
- Members of the public, external parties engaged in doing business with Council

1.6 Overview of fraud and corruption control framework

The Plan links to Council’s Fraud and Corruption Control Policy, and it details Council’s approach to the prevention, detection and response to fraudulent and corrupt behaviour, providing strategies to assist Council Officials, Contractors, Consultants and Volunteers to meet their fraud and corruption control responsibilities.

Framework for the Council Fraud and Corruption Control Plan



Policies and documents related to the Plan include:

- Council Code of Conduct
- Council Procedure for the Administration of the Code of Conduct
- Council Procedure for the Management of Conflicts of Interest
- Council Procedure for the Management of Gifts and Benefits
- Council Statement of Business Ethics
- Council Public Interest Disclosure Reporting Policy
- Council Complaints Policy
- Council Recruitment Policy
- Council Procurement Policy
- Council Probity Plan

1.7 Planning and Resources

Fraud control responsibilities are outlined below and summarised in Appendix A – Fraud and Corruption Control Action Plan.

1.7.1 General Manager

The General Manager has ultimate responsibility for managing fraud and corruption risks in Council. This includes the approval and monitoring of this Plan.

1.7.2 Chief Operating Officer

The Chief Operating Officer has responsibility for the review and implementation of the Plan.

1.7.3 Manager Governance and Risk Management

The Manager Governance and Risk Management is responsible for the coordination of the Fraud and Corruption Control Action Plan as detailed in Appendix A, including the response to any fraud or corruption incident. The Manager Governance and Risk Management is also the Disclosure Coordinator, contact details are in Appendix B - Contact details.

1.7.4 Internal Auditor

The Internal Auditor is responsible for auditing systems and processes and recommends improvements to reduce the risk of fraud and corruption and reoccurrence. The internal Auditor is also the Public Officer under section 342 of the *Local Government Act 1993*. The Public Officer may deal with requests from the public concerning the council's affairs and may receive submissions made to council. The Internal Auditor's contact details are in Appendix B - Contact details.

1.7.5 Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee is responsible for endorsement and monitoring progress of the Plan.

1.7.6 Employees

Employees are responsible for identifying fraud and corruption risks and to report suspicions of fraud and corruption in accordance with the Plan.

All employees are expected to act in a professional and ethical manner, comply with all policies, meet legislative requirements, care for property and maintain and enhance the reputation of Council.

2 Prevention

Prevention controls are designed to reduce the risk of fraud and corruption occurring. Controls may be specific to a process, transaction or they can be holistic such as fraud and corruption awareness training and employee due diligence.

2.1 Objectives

The objectives of prevention controls are to ensure:

- all employees have an awareness of fraud and corruption risks
- a fraud risk assessment is performed which quantifies the level, nature and form of the risks to be managed
- procedures to be undertaken to assist in the management of fraud and corruption
- employees to have access to information to assist them understand fraud and corruption and their obligations
- Customers, the community and suppliers understand that the Council has a zero tolerance for fraud and corruption
- Council Officials, Contractors, Consultants, volunteers, external parties and members of the public understand that Council has a zero tolerance for fraud and corruption.

2.2 Fraud and corruption awareness training

The primary purpose of fraud and corruption awareness training is to assist in the prevention and detection of fraud by raising the general level of awareness amongst all employees.

All staff will be required to attend fraud and corruption awareness training in accordance with the Plan. New employees will receive a fraud and corruption awareness briefing at induction.

In addition, Council will send regular communications to employees detailing a clear definition of the types of action that constitute fraud and corruption and an unequivocal statement that fraudulent conduct will not be tolerated.

2.3 Fraud and corruption risk assessment

The fraud and corruption risk assessment ('FCRA') will be conducted in accordance with the Plan. The FCRA will be coordinated by the Manager Governance and Risk Management. The results will be reported to the Audit, Risk and Improvement Committee. The implementation of the proposed actions arising from the FCRA will be reported to the Audit, Risk and Improvement Committee on a regular basis.

The FCRA will be conducted in accordance with *ISO 31000:2009 Risk Management – Principles and guidelines* and *AS 8001 – 2008 Fraud and Corruption Control*.

2.4 Employee due diligence procedures

Council performs pre-employment screening processes on new employees including reference checks, validation of qualifications, bankruptcy and criminal history checks where applicable.

In addition, these checks may be re-performed for employees to maintain currency, for example when a promotion, secondment or changes in duties takes place.

2.5 Contracting and tendering

The appointment of contractors is a significant corruption risk in local government. Council has developed a Procurement Probity Plan which outlines principles of probity which assist to mitigate

this risk and meet the various requirements of *The Local Government Act 1993, Local Government (General) Regulations 2005* and *Tendering Guidelines for NSW Local Government*.

Council's objectives is that a consistent set of principles and rules on probity should apply and be implemented across the entire Council.

The principles of probity in Government contracting are:

- best value for money
- impartiality
- dealing with conflicts of interest
- accountability and transparency
- confidentiality
- compliance with legislative obligations and Council policy (as they apply to tendering).

Council must monitor and evaluate application of these principles through all stages of the tendering processes if they are to ensure the fair and equitable treatment of all parties.

Steps to be taken to meet probity requirements include, but are not limited to:

- records should be maintained throughout the tender process and provide sufficient information to enable audit and independent review functions to be carried out.
- all those involved in the tender assessment process are required to make a full declaration of their financial interest in any organisation which has the potential to be a tenderer.
- all staff, contractors, consultants and advisors with access to tender related information are to sign an appropriate confidentiality undertaking.
- no discussion should be held with any known tenderer about a Request for Information or Request for Tender in relation to any aspect of a proposal, or the selections process.

2.6 Conflicts of interest

A conflict of interest exists where a reasonable and informed person would perceive that an employee could be influenced by a private interest when carrying out their public duty. Employees are required to avoid or appropriately manage any conflict of interest.

The Council has a Code of Conduct and a Procedure for the Management of Conflicts of Interest to assist Council officials and employees to manage conflicts of interest.

Council Officials are required to annually attest to their adherence to the Code of Conduct or report any breaches.

3 Detection

Council recognises that despite a comprehensive fraud and corruption control plan, it is possible that fraud and corruption may still occur. Council has adopted strategies aimed at mitigation of fraud and corruption risks.

3.1 Objectives

The objectives of the relevant strategies are:

- policies, systems and procedures are in place to encourage the reporting of suspect behaviours;
- fraud and corruption notification systems give the complainant the opportunity to report the suspect behaviours anonymously;
- protection under Public Interest Disclosures;
- policies, systems and procedures give equal opportunities to managers, staff, contractors, consultants and customers to notify Council of suspect behaviour; and
- data is monitored to ensure that irregularities are identified and investigated.

3.2 Reporting fraud and corruption

Council has a zero tolerance for fraud and corruption. Councillors and employees are required to report all instances of suspected fraud and corruption and Council will strongly support all Councillors and employees who report genuinely held suspicions of fraudulent or corrupt conduct. Council has developed the Public Interest Disclosure Reporting Policy which is compatible with the *Public Interest Disclosures Act 1994*.

Internal reports can be made to the Disclosure Coordinator, a nominated Disclosure Officer, the General Manager or the Mayor in accordance with the Public Interest Disclosures Policy.

Council is committed to:

- creating a climate of trust where staff are comfortable and confident about reporting wrongdoing;
- encouraging staff to report wrongdoing;
- maintaining the confidentiality of a report of wrongdoing; and
- protecting staff who disclose wrongdoing from reprisals.

3.3 Internal audit program

Council has developed a program of internal audits to provide assurance that internal controls are implemented and are effective in achieving the desired objectives including the prevention and detection of fraud and corruption.

The internal audits will be conducted or coordinated by the Internal Auditor with consideration of the fraud and corruption risk assessments, fraud and corruption incidents (either at Council or similar entities) and the results of previous internal audits.

The Audit, Risk and Improvement Committee approves the annual internal Audit Plan and will monitor the results and implementation of approved recommendations arising from internal audits.

3.4 Management reports

Council will conduct periodic analysis of management accounting reports to identify trends indicative of fraud and corruption. The analysis of management reports is the responsibility of all

managers and will be informed by the fraud and corruption risk assessment and fraud and corruption awareness training.

Examples of the types of management accounting reports that can be utilised to identify indicators are:

- monthly actual expenditure against budget reports
- monthly actual revenue against budget reports
- reports comparing revenue against prior periods.

3.5 Post-transaction review

A review of transactions after they have been processed can be effective in identifying fraud and corruption. A program for conducting post-transaction reviews will be considered during the fraud and corruption risk assessment and the internal audit program.

3.6 Exit interviews

The Executive Manager, People and Culture will ensure that when conducting exit interviews, enquiries are made as to whether any fraud or corruption has caused the resignation of the employee or whether there are any fraud and corruption risks requiring management.

4 Response

Response strategies are designed to ensure that any suspected fraud or corruption is investigated thoroughly and appropriate action taken.

4.1 Objectives

Objectives of this strategy are to ensure:

- procedures and other appropriate support (including training, where required) is provided to staff undertaking investigation activity on behalf of the Council
- investigation actions undertaken are consistent with the principles of procedural fairness and natural justice
- where appropriate expertise is not available internally, then external assistance will be sought
- all investigations consider what improvements can be made to policies, systems and procedures within the organisation
- employees understand that fraud and corruption will not be tolerated and that perpetrators will face disciplinary action
- Council has policies, which clearly identify the nature of suspect actions, which may require reporting to the NSW Police and the NSW ICAC.

4.2 Investigations

The investigation of suspicions of fraud and corruption can be a complex and at times technical process. The consequences of a poorly conducted investigation include:

- denial of natural justice
- denial of inadmissibility of evidence
- potential inability to commence criminal or civil proceedings for the recovery of assets and adverse publicity
- erosion of Council's reputation and community confidence in Council.

The General Manager may appoint an appropriately skilled, experienced and independent manager to conduct or coordinate an investigation into suspected fraud or corruption. The manager appointed to conduct or coordinate the investigation will consult the Manager Governance and Risk Management on technical aspects of the investigation and seek assistance where required.

4.3 External investigative resources

Where appropriate, external expertise may be sought to conduct an investigation. The decision to obtain such external expertise will be at the discretion of the General Manager.

4.4 Disciplinary procedures

Any breach of the Council policies or procedures will be considered as serious and disciplinary action may follow. The disciplinary process will be conducted in accordance with applicable legislation, guidance and the principles of natural justice.

4.5 Reporting to ICAC

Under Section 11 of the *ICAC Act 1988* the General Manager is required to report actual corrupt conduct or any matter that the General Manager suspects on reasonable grounds concerns or

may concern corrupt conduct to the ICAC and to respond to any referral requiring the Council to investigate or take other specified action.

4.6 Reports to the Police and other regulators

The General Manager (subject to the requirements of ICAC) may report to Police or other regulators, any circumstances in which there is evidence giving rise to a suspicion on reasonable grounds, of fraud or corruption.

Where an allegation of fraud has been investigated and sufficient evidence to prove the allegation has been obtained, the matter may be reported to Police for investigation (subject to the directions of ICAC). For matters not involving ICAC, the General Manager has the discretion of reporting to Police and may report to Police, unless exceptional circumstances warrant the matter not being reported. Any decision by the General Manager to not report a reasonable suspicion of fraudulent or corrupt conduct to Police will be documented.

4.7 Recovery of the proceeds of fraud or corruption

Council will actively pursue the recovery of any money or property lost through fraud or corruption, provided there is a strong prospect of a net benefit from such action.

Civil action for the recovery may, at the discretion of the General Manager, extend to seeking a Garnishee Order or the appointment of a Trustee in Bankruptcy to the estate of the person against whom an order for restitution has been obtained but not satisfied.

4.8 Professional indemnity and combined crime insurance

Council's insurance largely reflects the risks posed to Council and its operations including fraud and corruption and the applicable policies are in place.

4.9 External communications

Council is committed to preserving its reputation in the event of any incidence of fraud or corruption. Should an incident be suspected, the General Manager will assess the need for, and management of, all media releases. An appropriate spokesperson will be assigned to address all questions in relation to the incident.

Employees will be briefed on how to respond to questions from the media or general public.

4.10 Internal control review following discovery of fraud

In each instance where fraud or corruption is detected, the Manager Governance and Risk Management and the relevant Senior Manager will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the incident and potentially allowing it to occur) and consider whether improvements are required. Where improvements are required, these should be implemented as soon as practicable.

The responsibility for ensuring that the internal control environment is reassessed and for ensuring that the recommendations arising out of this assessment are implemented will be that of the Chief Operating Officer, who will then report this back to the Manager Governance and Risk Management. A summary of recommendations for the modification of the internal control environment should be provided to the Senior Manager of the team concerned.

4.11 Annual reporting requirements

In addition to the reporting of individual incidents of fraud and corruption, the Manager Governance and Risk Management will provide the following information to the Audit, Risk and Improvement Committee at each financial-year end:

- details of all instances of proven or suspected fraud and corruption

- the number of cases of fraud referred to the Police for investigation
- the reasons of any decisions not to report suspicions of fraud and corruption to the Police
- a summary of the results of any completed prosecution action
- the number of cases reported to the regulators
- the number of cases resolved using administrative remedies only (i.e. dismissal of an employee)
- the amount of monies recovered, both by administrative action and the use of the judicial process
- whether external investigation resources have been used in carrying out the investigations
- changes to the internal control environment subsequent to each case reported during the year (to allow the Audit, Risk and Improvement Committee to assess whether internal control enhancements made will be effective in preventing fraud or corruption of that type in the future).

VERSION CONTROL AND CHANGE HISTORY

Version	Amendment Details	Policy Owner	Period Active
1.0	New Georges River Council Fraud and Corruption Control Plan	Manager Governance and Risk Management	Approval Date 18/12/2017

Appendix A – Fraud and Corruption Action Plan

The roles and responsibilities are detailed below.

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
PREVENTION						
Leadership – GM and senior management commitment to fraud control	1	Include a quarterly fraud and corruption message in periodic addresses to staff and any other relevant staff engagement opportunities	General Manager	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Leadership – clearly defined GM and senior management accountability and responsibility Responsibility structures – management and all staff have clearly defined responsibilities for managing fraud	2	Senior managers' individual performance agreements contain performance measures and indicators relating to successful fraud control	General Manager Senior Management			
	6	Review the Fraud and Corruption Control Plan and report to General Manager	Chief Operating Officer	•	•	•
		Responsibilities for fraud control are contained in role descriptions, where appropriate.	General Manager			

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Leadership – clearly defined GM and senior management accountability and responsibility Responsibility structures – management and all staff have clearly defined responsibilities for managing fraud	2 6	Approve the Fraud and Corruption Control Plan and report to the Audit, Risk and Improvement Committee	General Manager	•	•	•
Leadership – clearly defined GM and senior management accountability and responsibility Responsibility structures – management and all staff have clearly defined responsibilities for managing fraud	2 6	Implementation of the Fraud and Corruption Control Plan	Chief Operating Officer	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Leadership – clearly defined GM and senior management accountability and responsibility Responsibility structures – management and all staff have clearly defined responsibilities for managing fraud	2 6	Ensure all action items of the Fraud and Corruption Control Action Plan are undertaken	Manager Governance and Risk Management	•	•	•
Ethical framework – clear policies setting out acceptable standards of ethical behaviour	3	Ensure all relevant policies and procedures are available to staff as referenced in the Plan. Policies should be readily accessible on the intranet and accessible to outdoor staff.	Manager Governance and Risk Management	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Ethical framework – demonstrated compliance with the ethical framework Fraud awareness – staff awareness of fraud control responsibilities	4 20	All employees annually attest their adherence to the Code of Conduct or to report any breaches	Manager People and Culture	•	•	•
Ethical framework – employees can articulate obligations to ethical behaviour and the organisation’s position on fraud Fraud awareness – staff awareness of fraud control responsibilities	5 20	Acknowledge an understanding of the Code of Conduct, commitment to terms and conditions of employment and the Council’s zero tolerance towards fraud, incorporating reporting through anonymous staff surveys if required	Council Officials	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Responsibility structures – fraud management is integrated with core business	7	Strategic/operational plans, policies and procedures will consider incorporating the management of fraud and corruption risks and controls as appropriate	Senior Management	•	•	•
Responsibility structures – resources are allocated to managing fraud	8	Responsible for fraud and corruption control and central point of contact for all staff	Manager Governance and Risk Management	•	•	•
Responsibility structures – clearly defined roles for audit and risk committee	9	Oversee and monitor the progress of Fraud and Corruption Control Plan.	General Manager Audit, Risk, and Improvement Committee	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Responsibility structures – staff with responsibility for fraud control and staff in high risk fraud areas are provided with training	10	Co-ordinate performance assessments, gap analysis and needs analysis for support programs and fraud and corruption awareness training for existing employees, and new employees during induction	Coordinator Corporate Governance	•	•	•
Staff awareness - comprehensive staff education and awareness program	19					
Third party management systems – targeted training and education for staff	22					
Fraud control policy – risk-based policies appropriate to the organisation	11	Ensure all policies and procedures reflect the assessed fraud and corruption risks faced by Council	Manager Governance and Risk Management	•	•	•
Fraud control policy – holistic and integrated	12		Coordinator Corporate Governance			

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Fraud control policy – regularly reviewed, current and implemented	13	Annually review the Fraud and Corruption Control Policy to ensure it reflects relevant changes within the organisation	Chief Operating Officer	•	•	•
Prevention systems – proactive and integrated fraud risk assessment	14	Co-ordinate the Fraud and Corruption Risk Assessment, at least every two years or more frequently if there is substantial change in the function, structure, or activities of the Council	Manager Governance and Risk Management	•		•
Prevention systems – planning, follow up and accountability	15	Approve the Fraud and Corruption Control Plan and report to Audit, Risk and Improvement Committee	General Manager	•	•	•
Prevention systems – planning, follow up and accountability	15	Co-ordinate the implementation of the Fraud and Corruption Control Plan	Chief Operating Officer	•	•	•
Prevention systems – planning, follow up and accountability	15	Ensure all action items of the Fraud and Corruption Control Action Plan are undertaken	Manager Governance and Risk Management	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Prevention systems – ethical workforce	17	Conducting pre-employment screening and background checks on all applicants selected for positions Recruitment Policy to comply with AS 4811-2006 – Employment Screening on due diligence to be performed for internal promotions and transfers	Executive Manager People and Culture	•	•	•
Prevention systems – IT security strategy	18	Create and maintain an IT security strategy that includes a record of all IT security incidents	Chief Information Officer	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Third party management systems – third party due diligence and clear contractual obligations and accountabilities	23	<p>Conducting pre-contract screening of contractors and third parties and ensuring all procurement documentation appropriately addresses the risk of fraud and corruption</p> <p>Structured risk-based due diligence before engaging contractors or third parties</p> <p>Contracts and service level agreements include clear accountabilities for managing the risk of fraud</p> <p>Position descriptions for staff with responsibilities for managing third parties include accountabilities for managing fraud risks</p>	Coordinator Procurement and Risk	•	•	•
Third party management systems – third party awareness of reporting	25	Council’s Statement of Business Ethics to be provided to all third parties with procurement documentation	Procurement Officer	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Third party management systems – staff disclosure of conflicts of interested and secondary employment	26	<p>Maintain a Conflicts of Interest and Secondary Employment register which is reviewed and updated annually</p> <p>Staff will be asked to complete a Conflict of Interest declaration annually and to confirm/reconfirm secondary employment when change occurs.</p> <p>The procedure for the Management of Conflict of Interest could reflect either a standalone form, or email notification, to ensure declaration is done annually and approved in advance of secondary employment.</p>	<p>Executive Manager People and Culture</p> <p>Manager Governance and Risk Management</p> <p>Coordinator Corporate Governance</p>	•	•	•
Detection systems – risk-based internal audit	33	Maintain a risk based internal audit program that considers the results of the fraud and corruption risk assessment in its annual planning program	Internal Auditor	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
DETECTION						
Responsibility structures – fraud management is integrated with core business	7	Providing advice of fraud and corruption risks and internal control issues	Manager Governance and Risk Management Internal Auditor	As required	As required	As required
Responsibility structures – resources are allocated to managing fraud	8	Make available information including financial statements to external auditor appointed by the NSW Audit Office	Chief Financial Officer Chief Information Officer	As required	As required	As required
Fraud awareness – staff awareness of fraud control responsibilities	20	Identifying potential risks of fraud in systems and processes in their area and reporting all suspicions of fraud and corruption	Council Officials	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Fraud awareness – customer and community awareness	21	Maintain mechanisms promoting the awareness and reporting of fraud by the community as appropriate Make adjustments to the Council's website in regard to how the community report suspicions of fraud and corruption.	Manager Governance and Risk Management Chief Information Officer	•	•	•
Third party management systems – effective third party controls	24	Conduct regular reviews of third party dealings Devise specific internal controls relating to third parties. Utilise supply vetting processes	Coordinator Procurement and Risk	•	•	•
Notification systems – culture that supports staff reporting fraud and management acting on those reports	27	Publish the options available for staff to report fraud. Fraud prevention and reporting training to be provided.	Manager Governance and Risk Management Coordinator Procurement and Risk Learning and Development Coordinator	•	•	•

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Detection systems – robust internal controls	31	Identifying potential risks of fraud in systems and processes under their control and implementing systems and controls to prevent and detect instances (e.g. post transaction reviews, proactive data analytics, strategic analysis of the management accounts and the role of Internal Audit)	Senior Management Chief Financial Officer Internal Auditor Coordinator Procurement and Risk	•	•	•
Detection systems – monitoring and review	32					
Detection systems – robust internal controls	31	Ensuring exit interviews include questions regarding fraud and corruption risks and any suspected fraudulent or unethical conduct	Executive Manager People and Culture	•	•	•
RESPONSE						
Prevention systems – planning, follow up and accountability	15	Co-ordinating a review of internal controls following a fraud or corruption incident	Manager Governance and Risk Management	As required	As required	As required

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Prevention systems – analysis of and reporting on suspected and actual frauds	16	Providing a report to the Audit, Risk and Improvement Committee summarising the fraud incidents, actions taken, and outcomes	Manager Governance and Risk Management	•	•	•
Notification systems – processes to support upward reporting	29					
Notification systems – policies, systems and procedures that support reporting	28					
Notification systems – processes to support upward reporting	29					
Investigation systems – Clear documented investigation procedures	34	Providing a central referral point for allegations of incidents of fraud acts, inclusive of ensuring that all matters are appropriately recorded, independently and promptly investigated, referred (where and when appropriate) and reported	Disclosure Coordinator Disclosure Officer General Manager Mayor	As required	As required	As required

NSW Audit Office Fraud Control and Corruption Framework Attribute	NSW Audit Office Fraud Control and Corruption Checklist number	Action	Responsible Person	17/18	18/19	19/20
Investigation systems – Investigations conducted by qualified and experienced staff	35					
Investigation systems – decision-making protocols	36					
Investigation systems – Disciplinary systems	37					
Notification systems – processes to support upward reporting	29	Managing media interest in any relevant incident	General Manager	As required	As required	As required
Notification systems – external reporting	30	Reporting a fraud or corruption incident to the ICAC, the Police, regulators, and other external parties	General Manager	As required	As required	As required
Investigation systems – Insurance	38	Notifying Councils insurers of a fraud incident and related or potential claim and pursuing recovery of losses associated with fraud and corruption	Coordinator Procurement and Risk	As required	As required	As required

Appendix B - Contact details – Disclosure Coordinator and Public Officer

Disclosure Coordinator:

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Appendix C – NSW Audit Office Fraud Control Checklist

Resource one: Fraud control checklist

Attribute 1: Leadership

1. CEO and senior management commitment to fraud control:
 - CEO visibly endorses fraud control activities
 - senior managers demonstrate their commitment to mitigate fraud risks.
2. Clearly defined CEO and senior management accountability and responsibility:
 - senior management assigned responsibility for implementing the fraud control framework
 - senior managers' individual performance agreements contain performance measures and indicators relating to successful fraud control.

Attribute 2: Ethical framework

3. Clear policies setting out acceptable standards of ethical behaviour:
 - staff have easy access to all ethical behaviour policies
 - ethical behaviour policies are included in the induction process.
4. Demonstrated compliance with the ethical framework:
 - staff annually evidence their commitment to acceptable standards of behaviour.
5. Employees can articulate obligations to ethical behaviour and the organisation's position on fraud:
 - staff understand fraud is not tolerated and the consequences of committing fraud.

Attribute 3: Responsibility structures

6. Management and all staff have clearly defined responsibilities for managing fraud:
 - staff are aware of the responsibility structure in the organisation
 - responsibilities for fraud control are contained in role descriptions, where appropriate.
7. Fraud management is integrated with core business:
 - managing fraud risks included in business plans.
8. Resources are allocated to managing fraud.
 - fraud committee established and/or a Fraud Prevention Manager appointed.
9. Clearly defined roles for audit and risk committee and auditors:
 - proactive and influential audit and risk committee
 - internal audit work covers controls over high risk fraud areas.
10. Staff with responsibility for fraud control and staff in high risk fraud areas are provided with training:
 - refresher and knowledge update training are provided on an ongoing basis
 - training program is integrated within a wider education and awareness campaign.

Attribute 4: Fraud control policy

11. Risk-based policies appropriate to the organisation:

- appropriate policies address the level and nature of internal and external fraud risks
- fraud control policy addresses the ten attributes of fraud control.

12. Holistic and integrated:

- fraud control policy does not operate in isolation and has strong links to other ethical behaviour policies.

13. Regularly reviewed, current and implemented:

- fraud control policy is responsive to changes in the operating environment and reviewed at least every two years.

Attribute 5: Prevention systems

14. Proactive and integrated fraud risk assessment:

- fraud risk assessment is part of organisation's enterprise risk management process
- risk assessment reviewed after substantial change and at least every two years.

15. Planning, follow up and accountability:

- fraud control plan in place and outcomes reported to senior managers and audit and risk committee.

16. Analysis of and reporting on suspected and actual frauds:

- fraud database established containing all reports of fraud, action taken and outcomes
- database kept up to date and published on website.

17. Ethical workforce:

- pre-employment screening.

18. IT security strategy:

- specific IT security strategy aligned with the organisation's business strategy
- cybercrime included as a risk on the risk register.

Attribute 6: Fraud awareness

19. Comprehensive staff education and awareness program:

- ongoing ethical behaviour and fraud education and awareness program
- fraud control message repeated and reinforced using a variety of communication channels
- fraud control expectations included in the induction process
- staff have a good understanding of what fraud is
- guidance material deals with real life situations, conflicts and fraud risks staff face in their work area.

20. Staff awareness of fraud control responsibilities:

- staff have a good appreciation and understanding of their responsibilities for preventing, detecting and reporting fraud.

21. Customer and community awareness:

- publicity campaigns developed where appropriate
- customers and the community encouraged to report suspicions of fraud and provided with easy to use channels to make reports
- customers and the community have confidence in the integrity of the organisation
- statement of business ethics setting expectations and mutual obligations.

Attribute 7: Third party management systems

22. Targeted training and education for key staff:

- targeted training and education programs for staff with responsibilities for dealing with third parties.

23. Third party due diligence and clear contractual obligations and accountabilities:

- structured risk-based due diligence before engaging contractors or third parties
- contracts and service level agreements include clear accountabilities for managing the risk of fraud
- position descriptions for staff with responsibilities for managing third parties include accountabilities for managing fraud risks.

24. Effective third party internal controls:

- specific internal controls relating to third parties in place
- checks and reviews carried out on dealings with third parties.

25. Third party awareness and reporting:

- contractors and suppliers understand organisation will not tolerate corruption including fraudulent dealings
- statement of business ethics setting expectations and mutual obligations
- reporting mechanisms established for reporting suspected fraud
- contractors and suppliers encouraged to provide information if they suspect fraud is occurring.

26. Staff disclosure of conflicts of interest and secondary employment:

- staff regularly required to disclosure conflicts of interest and secondary employment
- records of conflicts of interest and secondary employment reviewed and kept up-to-date.

Attribute 8: Notification systems

27. Culture that supports staff reporting fraud and management acting on those reports:

- well-publicised options for staff to report fraud
- staff feel confident they will be protected from reprisal action
- demonstrated action taken in response to reports of fraud.

28. Policies, systems and procedures that support reporting:

- reporting system appropriate to organisation
- different channels available to report fraud
- feedback and follow-up with internal reporters.

29. Processes to support upward reporting:

- actual and suspected frauds reported to CEO and audit and risk committee
- fraud database published on organisation's website.

30. External reporting:

- staff are clear on policy and procedures for external reporting
- external reporting in accordance with legislation and policy
- clear and consistent approach to external reporting.

Attribute 9: Detection systems

31. Robust internal controls:

- well documented risk-based internal controls
- routine checks of activities, processes controls and transactions
- range of internal controls that 'prevent, detect and correct'.

32. Monitoring and review:

- available data monitored and reviewed to ensure irregularities and warning signals are picked up early
- early warning signs acted on quickly and red flag behaviour recognised.

33. Risk-based internal audit program:

- internal audit program evaluates the potential for fraud and how fraud risk is managed
- internal audit recommendations assigned to individuals with timeframes for response.

Attribute 10: Investigations systems

34. Clear documented investigation procedures:

- reports of fraud investigated promptly and to the highest standards
- investigations are independent
- sufficient resources allocated, including budget.

35. Investigations conducted by qualified and experienced staff:

- investigations conducted by appropriately qualified personnel with recognised qualifications and appropriate experience.

36. Decision-making protocols:

- documented decision-making processes
- proportionate responses to incidents of fraud.

37. Disciplinary systems:

- staff understand fraud will not be tolerated and the perpetrators will face disciplinary action
- commitment to taking action against the perpetrators of fraud
- consistent application of sanctions.

38. Insurance:

- consider a fidelity guarantee insurance policy to protect against the financial consequences of fraud.